

**STATE OF HAWAII**  
**NOTICE OF AMENDMENT TO EXEMPTION FROM CHAPTER 103D, HRS,**  
**CONTRACT**

STATE PROCUREMENT OFFICE  
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: TRANSPORTATION / HIGHWAYS  
(Department/Division/Agency)Name of Contractor: VPSI Inc.

P.E. Reference Number: \_\_\_\_\_

## Description of goods, services, or construction:

Operate and market a statewide third-party commuter vanpool program.  
 See attached for details of goods and services.

## The scope of work for the contract is revised as follows:

Term extended to March 31, 2004 (6 months).  
 See attached schedule.

Original Contract Price: \$ 11,270,000.00Amended Contract Price: \$ 12,520,000.00

## This / These amendment(s) are necessary because:

To continue the operation of existing vanpools throughout the State of Hawaii.  
 Extension approval will insure that drivers and occupants of current vanpools  
 will be able to continue to commute using the program.

Direct questions to: Jamie HoPhone: 587-2130

*Pursuant to § 103D-102, HRS, and § 3-120-5, HAR, I certify that the information provided above is,  
 to the best of my knowledge, true and correct.*

B. V. Mot

Department/ Head or Designee

8/25/03

Date

Deputy Director

Title (If other than Department Head)

Date Posted: 8/28/03

A copy of this notice of amendment shall be posted by the Chief Procurement Officer and the purchasing agency in an accessible to the public, at least seven (7) calendar days prior to any approval action.

Submit written objections to this notice of intent to amend a procurement exemption contract within seven (7) calendar days from the date posted to:

Chief Procurement Officer

Office/Agency \_\_\_\_\_

Address \_\_\_\_\_

Please ensure adherence to applicable administrative and statutory requirements.

☒ APPROVED☐ DISAPPROVED

CPO Comments: Recommend your timetable be pushed up to allow sufficient time for the procurement process, including requirements for debriefing in Act 52/03. To advertise in Jan. and award by March not provide enough time to have a contract in place by April 1.

SPO Form-7B (Rev 7/1/02) 9/9/03 P.E. No. 02

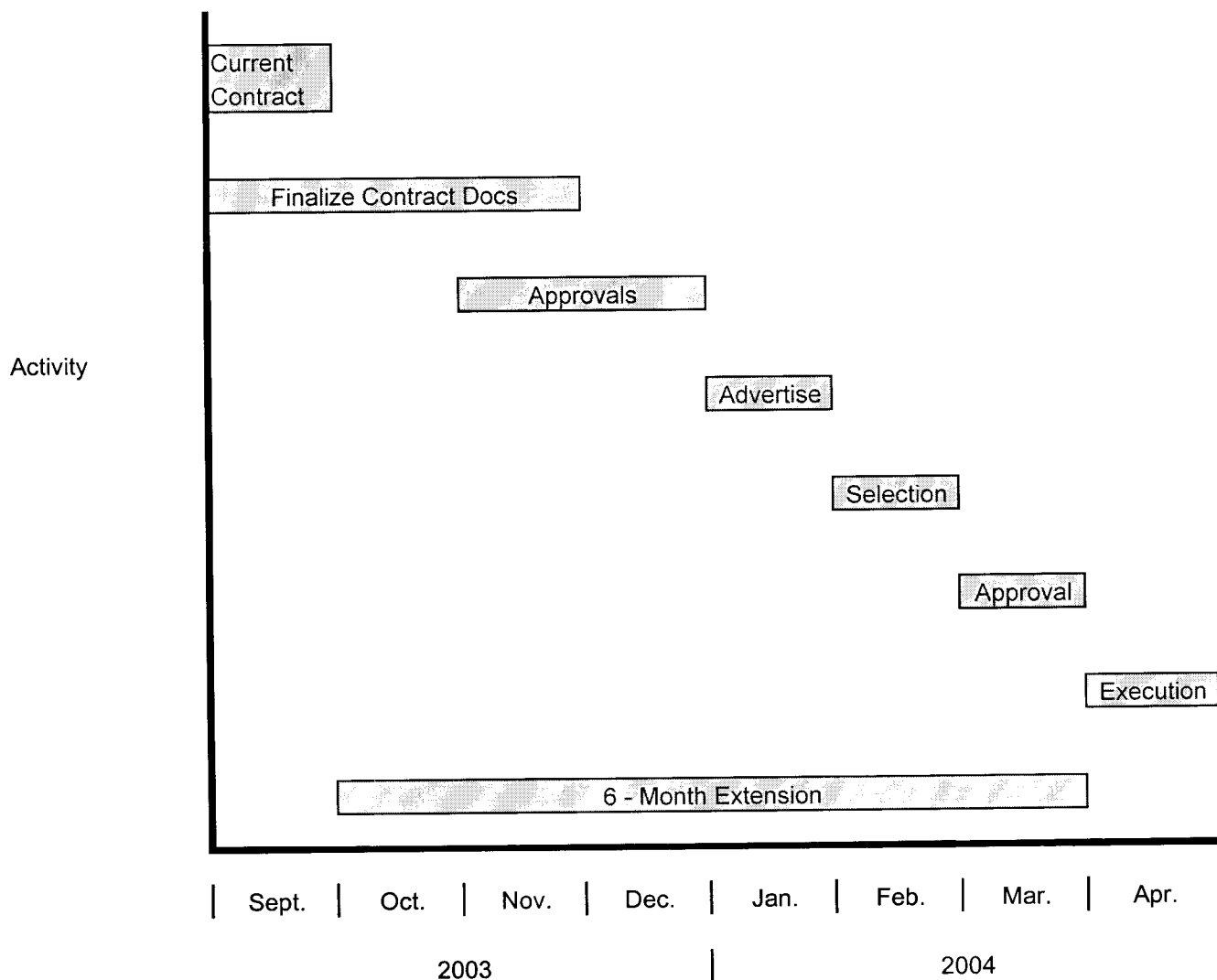
**ATTACHMENT:**

**NOTICE OF AMENDMENT TO EXEMPTION FROM  
CHAPTER 103D, HRS, CONTRACT**

**Description of Goods, Services, or Construction:**

Operate and market a statewide third-party commuter vanpool program. The vendor will be responsible for providing new vehicles; comprehensive insurance; maintenance and inspection; vanpool matching and administration; selection and training of private commuters to perform as drivers; program marketing; reporting of passenger miles to the National Transit Database (NTD) for reimbursement from the Federal Transit Administration.

**Contract Schedule:**



**STATE OF HAWAII**  
**REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS**

Chief Procurement Officer

2E 01-04-R

FROM: Director of Transportation

( Department / Division / Agency )

Pursuant to Sec. 103D-102(b)(5), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:

Operate and market a statewide third-party commuter vanpool program. The vendor will be responsible for providing new vehicles; comprehensive insurance; maintenance & inspection; vanpool matching and administration; selection and training of private commuters to perform as drivers; program marketing; reporting of passenger miles to the National Transit Database (NTD) for reimbursement from the Federal Transit Administration.

Name of Vendor:	Cost:	Term of Contract:
VPSI Inc.	\$2.5 million	From: October 1, 2002
		To: September 30, 2003

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:  
See attached.

Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

HDOT will negotiate an extension of the current contract.

The 2002 Legislature extended the funding for the vanpool program for one year. For the following reasons it is more advantageous to the state to amend the current contract than to issue an RFP for a new one-year contract.

- VPSI was the only vendor to respond to the RFPs issued in 1993 and 1997 to operate the vanpool program.
- A new vendor would be at a distinct financial disadvantage by having to provide 160 7-15 passenger vans to current vanpool participants to keep the program operating without interruption on October 1, 2002. There are probably not 160 new or near-new vans available at the end of the car production year (August-September) that meet the state's requirements.
- A new vendor would have to depreciate all their costs over the one-year term of the contract. The cost of vehicle depreciation would be extremely high on 160+ new vehicles. Funding for the program is subsidized by the Federal Highway Administration (FHWA) and depreciation is not an allowable expense. Therefore, it would raise the state's cost of the program tremendously. Currently, the state uses passenger fees to offset the cost of depreciation. This would not be possible if depreciation was computed on a one-year basis.
- We know of no third-party vanpool provider in the nation, other than VPSI, that is currently reporting miles to the National Transit Database (NTD). Miles reported to the NTD are used to compute the state's reimbursement from the Federal Transit Administration (FTA). There is a time/learning curve involved in obtaining approval from NTD and having the passenger survey approved for use. One hundred percent sampling is required. It took more than six months for VPSI to obtain FTA approvals to report passenger miles on behalf of the state. The state could potentially lose out on more than \$1 million in reimbursements from the FTA if a new vendor did not begin the sampling procedure during the first month of operation. The state does not have the staff or expertise to do NTD reporting on its own behalf and the City & County of Honolulu has refused to do it for us.

A description of the agency's internal controls and approval requirements for the exempted procurement:  
A contract extension will be executed, which will require the approval of the HDOT's budget office, deputy director, director and the Attorney General.

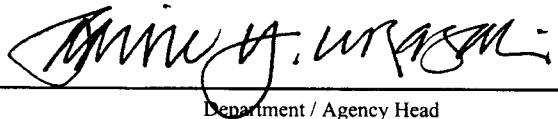
A list of agency personnel, by position title, who will be involved in the approval process and administration of the contract:  
Brian Minaai, Director; Jean Oshita, Deputy Director; Jamie Ho, Contracts Officer; Laverne Hokama, Acting PPB Officer; Marilyn Kali, Administrative Assistant.

Direct questions to:  
Marilyn Kali

Phone Number:  
587-2160

This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: Yes ☒ No ☐

I certify that the information provided above is to the best of my knowledge, true and correct.

 7/29/02

Department / Agency Head

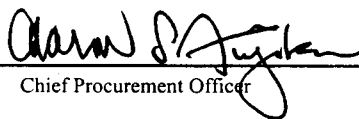
Date

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

☒ Approved

☐ Denied



Chief Procurement Officer

8/8/02

Date

cc: Administrator  
State Procurement Office